

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

BOND AMENDMENT STAFF REPORT

ISSUE: In anticipation of a proposed remarketing of the California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center) Series 2008A and Series 2008B (2008 Bonds), the Orange County Performing Arts Center doing business as the Segerstrom Center for the Arts (Borrower) requests amendments to certain documents relating to the 2008 Bonds. The amendments will clarify certain provisions of the existing indenture and loan agreement, add a new interest rate mode permitting the 2008 Bonds to bear interest at a rate indexed to either a LIBOR (London Interbank Offered Rate) rate or a SIFMA (Security Industry and Financial Markets Association) rate (Index Rate), permit the 2008 Bonds to be held unrated by a specified/eligible purchaser during an Index Rate period and permit the designation of additional series or subseries of the 2008 Bonds.

BACKGROUND INFORMATION: The Borrower is a nonprofit public benefit corporation organized for the purpose of promoting and developing an interest in and appreciation for arts and music.

On July 8, 2004, the I-Bank issued its Variable Rate Revenue Bonds, Series 2004A, Series 2004B and 2004C (together, the 2004 Bonds) totaling \$180,000,000 as variable rate bonds to finance and refinance the construction, equipping and furnishing of improvements consisting of a concert hall, music theater, an education center, a public restaurant, a private donor room, rehearsal spaces, artist accommodations and related facilities located at 615 Town Center Drive, Costa Mesa, and to fund a debt service reserve fund, capitalized interest and to pay costs of issuance.

On March 26, 2007, the I-Bank issued its Variable Rate Revenue Bonds, Series 2007A and Series 2007B (together, the 2007 Bonds) totaling \$85 million in order to reimburse the Borrower for certain additional costs related to the facilities financed in 2004, to finance a pedestrian plaza, and pay the costs of issuance in connections with the sale of the 2007 Bonds.

On June 24, 2008, the I-Bank Board approved Resolution 08-19 authorizing the issuance of tax-exempt bonds in an amount not to exceed \$250,000,000 on behalf of the Borrower in order to refund the 2004 and 2007 Bonds. On July 2, 2008, the I-Bank issued Variable Rate Demand Revenue Bonds Series 2008A in the amount of \$90,000,000, Series 2008B in the amount of \$90,000,000 and Series 2008C in the amount of \$60,000,000 (together, the Current 2008 Bonds). The Current 2008 Bonds are secured by direct pay letters of credit provided by Bank of America, N.A., Wells Fargo Bank, National Association and Allied Irish Banks, p.l.c. The Staff Report dated June 18, 2008, and a copy of Resolution 08-19 are attached for a more complete description of the transaction and financing structure (see Attachment A).

On March 1, 2011, the I-Bank Board approved Resolution 11-03 authorizing issuance of tax-exempt bonds in an amount not to exceed \$64,000,000 to refund the outstanding Current 2008 Bonds in Series C (2011 Bonds). The 2011 Bonds are scheduled to close on June 2, 2011, and will refund all outstanding Current 2008 Bonds in Series C.

Following the issuance of the 2011 Bonds, the remaining outstanding Current 2008 Bonds will be those presently identified as 2008 Bonds in Series A and B (as previously defined, the “2008 Bonds”).

NEED FOR AMENDMENTS/APPROVAL OF NEW TAX AGREEMENT: In anticipation of the July 2, 2011, expiration of the letters of credit, the Borrower has negotiated the remarketing of a portion of the 2008 Bonds for purchase by Wells Fargo Bank, National Association (Wells Fargo Bank) and another portion for purchase by Union Bank, N.A. (Union Bank)(collectively, the Purchasers). That portion of the 2008 Bonds not anticipated to be remarketed for purchase by Wells Fargo Bank or Union Bank will initially continue to be secured by a substitute letter of credit provided by the Bank of America, N.A.

In conjunction with this anticipated remarketing, the Borrower has requested an amendment of the indenture and loan agreement for the 2008 Bonds to add a new interest rate calculation method, indexed to a LIBOR rate or a SIFMA rate; permit bonds bearing interest at this new index rate (Index Rate) to be unrated, to the extent they are held by Qualified Institutional Buyers within the meaning of Section 144(A) promulgated under the Securities Act of 1933, as amended (Qualified Institutional Buyers or QIBs); and establish an initial Index Rate period during which the 2008 Bonds are to be held by the Purchasers .

The Borrower has also proposed amendments to the indenture to permit additional series designations for the 2008 Bonds for the purpose of distinguishing between 2008 Bonds to be remarketed to the Purchasers, and 2008 Bonds to be remarketed secured by a letter of credit provided by the Bank of America. In addition, the I-Bank has proposed amendments to clarify provisions regarding the I-Bank’s rights related to the 2008 Bonds

The proposed amendments to the indenture do not require bondholder consent, as they will become effective only after thirty day’s notice of mandatory tender to bondholders who will tender their bonds prior to the date the amendments become effective. However, these proposed amendments would result in a material change to the terms of the 2008 Bonds as approved by the I-Bank Board, and changes to the Borrower’s obligations under the loan agreement in relation to the 2008 Bonds during any period the 2008 Bonds are held by Qualified Institutional Buyers during an Index Rate period. As a result, the authority to enter into these amended documents does not fit within the scope of the Executive Director’s existing delegated authority established by Resolution 08-35.

It is the plan of the Borrower, once the amendments to the 2008 Bonds indenture and loan agreement are effective, to remarket a portion of the 2008 Bonds bearing interest at an Index Rate to the Purchasers. Tax counsel has advised I-Bank staff that the remarketing of 2008 Bonds bearing interest at the newly established Index Rate will constitute a “reissuance” of the 2008 Bonds under federal tax law, and has advised that a new tax agreement and certificate must be entered into between the I-Bank and the Borrower. The approval of this new tax agreement also does not fit within the scope of the Executive Director’s existing delegated authority established by Resolution 08-35.

FINANCING STRUCTURE: In accordance with the I-Bank's adopted Policies and Procedures for Conduit Revenue Bond Financing for Economic Development Facilities (Policies), the I-Bank's general policy is to issue bonds bearing certain minimum ratings. The Policies provide that the Board may waive the requirement for a credit rating where bonds are sold using a private placement or limited underwriting offering structure subject to the following additional conditions:

1. **Sophisticated Investor.** The investor(s) will be required to sign a "sophisticated investor" letter acceptable to the Infrastructure Bank. Each investor must be a qualified institutional buyer within the meaning of S.E.C. Rule 144A, or an equivalent sophisticated investor with a demonstrated understanding of the risks associated with the municipal market, acceptable to the Infrastructure Bank.
2. **Resale Limitations.** Depending on the circumstances of the proposed sale, the Infrastructure Bank may require conditions for the resale of the Bonds¹ after initial issuance.
3. **Minimum Denomination.** The Infrastructure Bank will require a minimum bond denomination of at least \$100,000 on private placements or limited underwritten offerings; denominations may be higher depending on the circumstances of the sale.

The proposed amendments would permit the 2008 Bonds to be unrated during an Index Rate period, as long as the bonds are held by a Qualified Institutional Buyer, and would restrict the remarketing or transfer of such unrated Index Rate bonds except to Qualified Institutional Buyers. The proposed amendments would also require that bonds bearing an Index Rate be held in minimum denominations of \$500,000 and any integral multiple of \$5,000 in excess thereof.

Each of the Purchasers has represented to I-Bank staff that it is a QIB. Pursuant to the terms of the proposed amended indenture, each of the Purchasers will be required to formally certify to its status as a QIB prior to purchase upon remarketing. Specifically, each of the Purchasers will be required to certify, among other things, that: (i) it is a Qualified Institutional Buyer; (ii) it has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the 2008 Bonds and that it is able to bear the economic risks of such investment; and, (iii) unless the 2008 Bonds are subsequently rated by a rating agency at a rating which meets the I-Bank's minimum rating standards, it will not transfer its interest in the 2008 Bonds, except to another QIB signing a sophisticated investor letter, and only in denominations of \$500,000 or greater. Each Purchaser will also be required to certify that it understands there is no liability on the part of the I-Bank or the State to make any payment on the bonds other than the I-Bank's limited obligation to make payments from revenues received from the Borrower.

RECOMMENDATION: Staff recommends approval of Resolution 11-10 authorizing an amended and restated indenture and an amended and restated loan agreement to add an Index Rate method of setting interest on the California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A and Series 2008B, to permit those 2008 Bonds to be held

¹ In this case, the 2008 Bonds.

unrated by a Qualified Institutional Buyer during an Index Rate period, and to make certain other changes to the indenture and loan agreement as described. Resolution 11-10 would also authorize a tax certificate and agreement in relation to the anticipated remarketing of the 2008 Bonds.

Attachment A – June 18, 2008 Staff Report and Resolution 08-19

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank) 501(c)(3) REVENUE BOND FINANCING PROGRAM

STAFF REPORT

EXECUTIVE SUMMARY																			
Applicant:	Orange County Performing Arts Center (OCPAC)	Amount Requested:	Not to exceed \$250,000,000																
Applicant Description:	A nonprofit public benefit corporation organized for the purpose of promoting and developing an interest in and appreciation for arts and music.	Date of Board Meeting:	June 24, 2008																
		Resolution Number:	08-19																
		Type of Bonds:	Refunding																
Project Site:	615 Town Center Drive, Costa Mesa, CA 92626	Prepared by:	Andrea Kennedy and Tara Dunn																
Project Description:	The I-Bank previously issued bonds in 2004 and 2007 to finance the construction, equipping and furnishing of improvements to the Orange County Performing Arts Center consisting of: the Renée and Henry Segerstrom Concert Hall, with a capacity of approximately 2,000 seats; the Samueli Theater, with a capacity of approximately 500 seats; an education center; a public restaurant; a private donor room; rehearsal spaces; artist accommodations; a pedestrian plaza; and related and appurtenant facilities (Project). The Project was completed in March 2007.																		
Uses of Bond Proceeds:	Bond Proceeds (2008 Bonds) will be used to: refund the outstanding I-Bank Variable Rate Revenue Bonds, Series 2004A, 2004B and 2004C (2004 Bonds); refund the outstanding I-Bank Variable Rate Revenue Bonds Series 2007A and 2007B (2007 Bonds); and, pay costs of issuance.																		
Public Benefits:	The addition of the 2,000-seat Renée and Henry Segerstrom Concert Hall and the 500-seat Samueli Theatre will create an arts complex of international significance that will serve the citizens of Orange County and southern California with a venue for artistic performances for generations. As a result of Project completion, OCPAC estimates that its education programs will be able to reach an additional 650,000 young people annually in seven California counties.																		
Financing Structure:																			
Type of Issue:	Publicly-offered daily and weekly variable-rate demand revenue bonds issued in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.																		
Tax Status:	Tax-exempt 501(c)(3) bonds.																		
Term:	26 years.																		
Credit Enhancement:	Individual series of bonds will be secured by direct-pay letters of credit from Bank of America, N.A., Wells Fargo Bank N.A. and Allied Irish Bank p.l.c.																		
Credit Rating:	<table><tr><td>Rating Agency</td><td>Bank of America</td><td>Wells Fargo Bank</td><td>Allied Irish Bank</td></tr><tr><td>Standard and Poor's</td><td>AA+/A-1+</td><td>AAA/A-1+</td><td>A+/A-1</td></tr><tr><td>Moody's Investors Service</td><td>AAA/P-1</td><td>Aaa/P-1</td><td>Aa2/VMIG1</td></tr><tr><td>Fitch</td><td>AA/F1+</td><td>AA/F1+</td><td>AA-/F1+</td></tr></table>			Rating Agency	Bank of America	Wells Fargo Bank	Allied Irish Bank	Standard and Poor's	AA+/A-1+	AAA/A-1+	A+/A-1	Moody's Investors Service	AAA/P-1	Aaa/P-1	Aa2/VMIG1	Fitch	AA/F1+	AA/F1+	AA-/F1+
Rating Agency	Bank of America	Wells Fargo Bank	Allied Irish Bank																
Standard and Poor's	AA+/A-1+	AAA/A-1+	A+/A-1																
Moody's Investors Service	AAA/P-1	Aaa/P-1	Aa2/VMIG1																
Fitch	AA/F1+	AA/F1+	AA-/F1+																
Total Est. Sources of Funds:		Total Est. Uses of Funds:																	
2008 Bond Proceeds	\$250,000,000	Refund 2004 Bonds	\$185,000,000																
Debt Service Reserve Fund	20,000,000	Refund 2007 Bonds	80,000,000																
		Cost of Issuance	5,000,000																
TOTAL SOURCES	\$270,000,000	TOTAL USES	\$270,000,000																
Financing Team:																			
Bond Counsel:	Stradling, Yocca, Carlson & Rauth																		
Underwriters:	Banc of America Securities LLC and Wells Fargo Institutional Securities, LLC																		
Underwriter's Counsel:	Orrick, Herrington & Sutcliffe																		
Trustee:	Union Bank of California, N.A.																		
Staff Recommendation:																			
Staff recommends approval of Resolution 08-19 for an amount not to exceed \$250,000,000 for the Orange County Performing Arts Center.																			

ISSUE

The Orange County Performing Arts Center (OCPAC) requests to: refund both the California Infrastructure and Economic Development Bank (I-Bank) Variable Rate Revenue Bonds, Series 2004A, 2004B and 2004C (2004 Bonds) and I-Bank Variable Rate Revenue Bonds, Series 2007A and 2007B (2007 Bonds) that were previously issued as auction rate securities (ARS) on July 8, 2004 and March 26, 2007, respectively; and, issue new variable rate demand bonds (2008 Bonds) backed by direct-pay letters of credit in an amount not to exceed \$250,000,000.

Due to recent events in the sub-prime mortgage market, the credit rating of Financial Guaranty Insurance Company (FGIC), the bond insurer of the 2004 Bonds and the 2007 Bonds, was downgraded in March 2008 to BB by Standard and Poor's (S&P) and BBB by Fitch. Additionally the ARS market has been severely damaged due to credit risk problems related to the subprime mortgage market that is currently impacting the entire bond insurance industry. As a result of the recent insurer rating downgrades and failures of 2004 Bonds and 2007 Bonds auctions, the auction rates on the 2004 Bonds and the 2007 Bonds have reset as high as 7.5% resulting in substantially higher borrowing costs for OCPAC.

DISCUSSION

The 2004 Bonds and the 2007 Bonds were issued to finance the construction, equipping and furnishing of improvements to the Orange County Performing Arts Center consisting of: the Renée and Henry Segerstrom Concert Hall, with a capacity of approximately 2,000 seats; the Samueli Theater, with a capacity of approximately 500 seats; an education center; a public restaurant; a private donor room; rehearsal spaces; artist accommodations; a pedestrian plaza; and related and appurtenant facilities (Project) (see Appendix A—previous Staff Report dated February 27, 2007 for a complete description of the Project and the 2007 Bonds and Appendix B—previous Staff Report dated June 22, 2004 for a complete description of the Project and the 2004 Bonds). The Project began construction in February 2003, opened for performances in September 2006 and was completed in March 2007.

OCPAC is now requesting approval for the issuance and sale of tax-exempt 501(c)(3) variable rate revenue bonds backed by a letters of credit in an amount not to exceed \$250,000,000. The 2008 Bond proceeds will be used to: (i) refund the 2004 Bonds, (ii) refund the 2007 Bonds; and (iii) pay costs of issuance. Payment of principal and interest on the 2008 Bonds will be supported by three direct-pay letters of credit from Bank of America, N.A., Wells Fargo Bank N.A. and Allied Irish Bank p.l.c. (LOC Banks). The 2008 Bonds are expected to carry ratings in one of the three highest rating categories of Moody's Investors Service (Moody's), Fitch or S&P (see Executive Summary for current ratings of the LOC Banks). A Tax Equity and Fiscal Responsibility Act hearing is not required for the 2008 Bonds.

A list of the current Board of Directors and Corporate Officers are listed in Appendix C.

In no event shall the 2008 Bonds constitute a pledge of the full faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to

make any appropriation for the repayment of the 2008 Bonds. The 2008 Bonds shall constitute a special obligation of the I-Bank payable solely from revenues or other sources provided for in a loan agreement between the I-Bank and OCPAC.

PUBLIC BENEFITS

OCPAC continues to provide the public benefits identified in the 2007 Staff Report.

OCPAC anticipates that the refunding of the 2004 and 2007 Bonds from auction rate securities insured by FGIC, to daily and weekly variable rate revenue bonds secured by direct-pay letters of credit will save an estimated \$1 million per month based upon current market rates.

RECOMMENDATION

Staff recommends adoption of Resolution 08-19, for an amount not to exceed \$250,000,000 for the Orange County Performing Arts Center.

APPENDIX A

Staff Report from the February 27, 2007 Board Meeting

APPENDIX A

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank) 501(c)(3) REVENUE BOND FINANCING PROGRAM

STAFF REPORT

EXECUTIVE SUMMARY			
Applicant:	Orange County Performing Arts Center (The Center or Borrower)	Amount Requested:	Not to exceed \$95,000,000
		Type of Resolution:	Final
Applicant Description:	A nonprofit public benefit corporation organized for the purpose of promoting and developing an interest in and appreciation for arts and music.	Date of Board Meeting:	February 27, 2007
		Resolution Number:	07-05
Project Site:	615 Town Center Drive, Costa Mesa, CA 92626, which is located near the southwest corner of the intersection of Town Center Drive and Avenue of the Arts in the City of Costa Mesa.	Prepared by: Barbara Lewis	
Project Description:	The project (Project) includes the construction, equipping and furnishing of improvements to the Orange County Performing Arts Center consisting of: the Renée and Henry Segerstrom Concert Hall, with a capacity of approximately 2,000 seats; the Samueli Theater, with a capacity of approximately 500 seats; an education center; a public restaurant; a private donor room; rehearsal spaces; artist accommodations; a pedestrian plaza; and related and appurtenant facilities. The Project began construction in February 2003 and was partially financed with \$180 million in bonds issued by the I-Bank in 2004. The Project was open for performances in September 2006. Finish work and landscaping remains to be completed for a pedestrian plaza.		
Uses of Bond Proceeds:	Bond proceeds (2007 Bonds) will be used to finance the final costs of the Project, to fund a debt service reserve fund and pay the costs of issuance incurred in connection with the issuance and sale of the 2007 Bonds.		
Public Benefits:	The addition of the 2,000-seat Renée and Henry Segerstrom Concert Hall and the 500-seat Samueli Theatre will create an arts complex of international significance that will serve the citizens of Orange County and southern California for generations. The Center's education programs currently reach more than 350,000 young people in seven California counties each year. With the completion of the Project, it is anticipated that The Center's education programs will serve an additional 650,000 young people each year.		
Financing Structure:			
Type of Issue:		Publicly-offered auction rate securities. 2007 Bonds will be issued in minimum denominations of \$25,000 or integral multiples thereof.	
Tax Status:		Tax-exempt 501(c)(3) bonds.	
Term:		27 years.	
Credit Enhancement:		Bond insurance from Financial Guaranty Insurance Company (FGIC).	
Credit Rating:		"AAA" rating from Standard & Poor's Ratings Service, based on FGIC's credit rating.	
Est. Sources of Funds:		Est. Uses of Funds:	
Par amount of the bonds		\$95,000,000	Project Costs \$83,696,888
			Debt Service Reserve Fund 7,850,574
			Bond Insurance 2,451,788
			Costs of Issuance 1,000,750
TOTAL SOURCES		\$95,000,000	TOTAL USES \$95,000,000
Financing Team:			
Bond Counsel:		Stradling, Yocca, Carlson & Rauth	
Underwriter's Counsel:		Orrick, Herrington & Sutcliffe LLP	
Underwriter:		Banc of America Securities LLC	
Trustee:		Wells Fargo Bank, National Association	
Staff Recommendation:			
Staff recommends approval of Resolution 07-05 for an amount not to exceed \$95,000,000 for the Orange County Performing Arts Center.			

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BACKGROUND AND HISTORY

The Orange County Performing Arts Center (The Center or Borrower) is a California nonprofit public benefit corporation that was incorporated in 1973 for the purpose of promoting and developing an interest in and appreciation for arts and music. Located in Costa Mesa, California, The Center is Orange County's largest nonprofit performing arts organization and one of the region's most prominent cultural institutions known for the award-winning architecture and acoustics of its facilities, as well as for the quality of its performances. The Center's facilities, inclusive of the Project (see Project Description section below and Appendix C – Project Pictures), consist of the 3,000-seat Segerstrom Hall, the 300-seat Founders Hall, the 2,000-seat Renée and Henry Segerstrom Concert Hall, the 500-seat Samueli Theater, an education center, rehearsal rooms, administration offices and a public restaurant.

In the late 1960s, a number of Orange County community leaders decided it was time for the community to have a world-class performing arts venue. The region's population had grown dramatically in the preceding decades, the area became a magnet and the headquarters for many growing businesses, and major educational institutions were being established. Two of the county's existing artistic organizations - the Philharmonic Society of Orange County and the Pacific Symphony - needed a concert hall with seating and acoustics not only appropriate to their needs and the caliber of their performances, but also to create a setting in which to grow and achieve greater prestige and national recognition.

The first local group to facilitate the building of a major cultural center in the heart of Orange County wasn't formed until 1969. Over the years, several groups attempted to identify a suitable site, but it wasn't until February 1979, that Elaine Redfield, a longtime Orange County arts activist and South Coast Repertory (SCR) Trustee, identified a plot of land adjacent to SCR's recently opened Fourth Step Theater as an ideal location for the planned facility. Ms. Redfield sent a letter to Henry T. Segerstrom requesting the land, and on May 15, 1979, Ruth Segerstrom, Henry T. Segerstrom and Harold Segerstrom gifted the five-acre plot of prime real estate to the Orange County Music Center. In 1981, the facility's name was officially changed from the Orange County Music Center to the Orange County Performing Arts Center. Architectural plans were unveiled soon after, and C.L. Peck, Contractor, announced that it would build The Center's original facilities, Segerstrom and Founders Halls, without profit at a guaranteed maximum cost.

Groundbreaking for Segerstrom Hall took place on July 7, 1983, and a gala opening was held on September 29, 1986. This facility was considered at the time to be one of the nation's most innovative and technically advanced homes for the performing arts. It soon became clear, however, with Segerstrom Hall booked for performances, rehearsals, load-ins and load-outs or maintenance nearly every day of the year, that plans for additional venues were needed.

In 1999, the Segerstrom family deeded another six-acre parcel of land across the street from the existing facility to The Center in order to provide space for expansion of the SCR, The Center's new venues and the eventual building of a visual arts campus (see Project Description section below). In 2000, Henry Segerstrom provided the \$40

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million lead gift to the capital campaign for the Project, which consists of the Renée and Henry Segerstrom Concert Hall, the Samueli Music Theater and the education center, all of which were opened on October 31, 2006. In addition, the Project includes a donor room, rehearsal spaces, artist accommodations and a public restaurant. These new facilities increased the overall seating capacity for The Center by approximately 75 percent.

The Center's facilities, including the Project, are utilized for a variety of purposes:

Presentations by The Center. The Center's programming is noted for its international caliber and variety. The Center's programming includes the International Dance, Broadway, Concert, Jazz Club, Cabaret, Family and Curtain Call Series. The Center's International Dance Series has brought many ballet companies to Orange County, including the Kirov, Bolshoi, Paris Opera Ballet, American Ballet Theatre, New York City Ballet, The Royal Ballet, Stuttgart Ballet and Royal Danish Ballet. The Center also presents an annual Broadway Series which has included *The Phantom of the Opera*, *Mamma Mia!*, *Les Miserables* and Disney's *Beauty and the Beast*. The Concert Series brings classical chamber ensembles and soloists to The Center including the Emerson String Quartet, St. Lawrence String Quartet, Australian Chamber Orchestra and the Academy of Ancient Music. The Jazz Club and Cabaret Series have also brought many contemporary musicians to The Center, including Dave Brubeck, Dianne Reeves, Diana Krall, Arturo Sandoval, Barbara Cook, Eartha Kitt and Davis Gaines. The Family Series offers parents and youngsters the opportunity to experience live theater, dance and music together. The Curtain Call Series is a one-week series or add-on to the Broadway Series offering performances by a wide variety of lesser-known performers. In addition to its series programming, The Center also hosts numerous special events and concerts.

Presentations by Others at Center Facilities. The Pacific Symphony, Opera Pacific, the Philharmonic Society of Orange County and the Pacific Chorale are "Artistic Partners" of The Center and use The Center's facilities for their performances. With the completion of the Project, each organization is able to increase its performance offerings in addition to increasing educational opportunities for schools and community organizations in southern California.

Education and Community Programs. The Center's education department has ten different programs that each year serve more than 350,000 young people in seven California counties. Programs are designed to bring students from grammar school through the university level into contact with many different performing arts disciplines and a variety of professional artists. Some programs are taught to students in their schools and at community centers, while other programs allow participants to study and perform at The Center's facilities. The Center's educational programs have been recognized by the U.S. Department of Education and The Kennedy Center in Washington, D.C.

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GOVERNANCE AND MANAGEMENT

Board of Directors. The Center is currently governed by a 57-member Board of Directors (Board), which establishes policies, oversees their implementation, provides strategic direction to The Center and carries out its fiduciary responsibilities. The Bylaws provide that the Board shall be comprised of not less than 23 nor more than 60 directors. The Executive Committee of the Board meets bi-monthly and has the authority to act in all matters of governance assigned by the Board except for certain matters specified in the Bylaws or California law that cannot be delegated. The members of The Center elect directors to the Board for terms not to exceed three years. Additionally, the Board may elect directors to the Board but, in no event, shall the number of directors elected by the Board exceed one-third of the authorized number of directors. See Appendix A for a current listing of the Board of Directors.

Management. The President, who is selected by the Board, manages the operation of The Center. The President is responsible for the overall supervision of The Center's activities and oversees a staff of 112 full-time and approximately 400 part-time employees.

The President reports directly to the Board and its Executive Committee. The executive staff of The Center also interfaces directly with the Board through Board committees and by attendance and participation in Board and Executive Committee meetings. In addition to the executive staff, there are five departments: Programming, Development, Finance, Theater Operations & Facilities and Communication & Marketing. A list of The Center's executive staff is included in Appendix B.

PROJECT DESCRIPTION

In 2004, the I-Bank issued \$180,000,000 aggregate principal amount of its Variable Rate Revenue Bonds (Orange County Performing Arts Center), Series 2004A, Series 2004B and Series 2004C (collectively, the 2004 Bonds). A portion of the proceeds of the 2004 Bonds were used to construct, furnish and equip a 2,000-seat concert hall named the Renée and Henry Segerstrom Concert Hall and a 500-seat music hall named the Samueli Music Theater (Project). These two new facilities increased the seating capacity of The Center's performance spaces approximately 75 percent, to 5,800 seats. The proceeds of the 2004 Bonds were also used to construct, furnish and equip other spaces within the facilities, including a donor room, rehearsal spaces, artist accommodations, an education center and a public restaurant.

A portion of the proceeds of the 2007 Bonds will be used to reimburse The Center for additional costs related to the Project as well as for the construction of a pedestrian plaza.

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PUBLIC BENEFITS

The Project will greatly benefit Orange County residents and visitors through The Center's stellar live performances and entertainment. The Pacific Symphony, the Philharmonic Society of Orange County and the Pacific Chorale (three of The Center's Artistic Partners) each have a dedicated hall specifically designed for the unique acoustical requirements of concerts and recitals. As a direct result of the Project, Segerstrom Hall is now available for more Broadway shows, dance and opera. The Project has enabled The Center and its Artistic Partners to expand programming to include a wider variety of artists and companies who come to Orange County to perform and teach.

The Center offers one of the most active and acclaimed arts-in-education programs in the country and is committed to serving the needs of the entire community. The Center's education department has 10 different programs that currently serve more than 350,000 young people annually in seven California counties. The Center's educational programs have drawn praise from educators and school districts throughout California as well as awards and commendations from nationally recognized bodies including the U.S. Department of Education and The Kennedy Center in Washington, D.C.

With the completion of the Project's two new performance venues and dedicated education center and lab, The Center anticipates that eventually one million young people will be able to participate in Center-sponsored education programs each year. These programs are designed to bring students from grammar school through the university level into contact with many different disciplines of performing arts as well as seasoned, accomplished professional artists. Some programs are offered to students in their schools, and at community centers, while other programs allow participants to study and perform at The Center's own facilities.

Additionally, the Project has also resulted in the creation of approximately 25 full-time and up to 150 part-time jobs in areas such as marketing, finance, front of house, security and stage production, which represents an approximately 30% increase in The Center's staffing.

Beyond the significant economic impact that resulted from both the construction and the ongoing operational aspects of the Project, this dramatic increase in resources devoted to the performing arts will improve the quality of life for Orange County's growing population and many visitors each year.

PERMITS AND APPROVALS

The Project is structurally complete. As such, all permits and approvals have been obtained.

APPENDIX A

TEFRA HEARING AND LEGAL QUESTIONNAIRE

A Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing was held February 8, 2007, following public notices which were published in the *Sacramento Bee* and the *Orange County Register*. No written or oral comments were received prior to, during, or following the hearing, and staff is not aware of any negative aspects or opposition to the proposed financing.

The Borrower has provided a completed and signed legal questionnaire. No information was disclosed in the answers to the legal questionnaire that would lead staff to question the financial viability or legal integrity of the Borrower or the Project.

FINANCING TEAM

Bond Counsel:	Stradling, Yocca, Carlson & Rauth
Underwriter's Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Banc of America Securities LLC
Trustee:	Wells Fargo Bank, National Association

FINANCING DETAILS

The Center is requesting approval for the issuance and sale of tax-exempt auction rate securities (2007 Bonds) in an amount not to exceed \$95,000,000. The 2007 Bonds will be credit enhanced by a bond insurance policy provided by Financial Guaranty Insurance Company (FGIC). The 2007 Bonds will carry a rating of "AAA" from Standard & Poor's Ratings Service based upon FGIC's credit rating.

In no event shall the 2007 Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the 2007 Bonds. The 2007 Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues or other sources provided for in a Loan Agreement between the I-Bank and the Center (Loan Agreement).

ELIGIBILITY REVIEW

The proposed financing meets the following public interest criteria as required by Section 63046 of the Government Code: 1) the financing is for a project in the State of California; 2) based upon the requirement that bond insurance will secure all payments to Bondholders, the Borrower is capable of meeting the obligations incurred under relevant agreements; 3) the payments to be made by the Borrower to the I-Bank under the Loan Agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the payments on the 2007 Bonds; and, 4) the proposed financing is appropriate for the Project. Additionally, the Project is

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consistent with the I-Bank's Policies and Procedures for Conduit Revenue Bond Financing.

RECOMMENDATION

Staff recommends approval of Resolution 07-05, for an amount not to exceed \$95,000,000, for the Orange County Performing Arts Center.

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ORANGE COUNTY PERFORMING ARTS CENTER BOARD OF DIRECTORS

Board of Directors

Michael S. Gordon, *Chairman of the Board*

Terrence W. Dwyer, *President and COO, Orange County Performing Arts Center*

Thomas V. McKernan, *Secretary & Vice Chair, Board Development*

John R. Evans, *Treasurer & Vice Chair, Finance*

Executive Committee

Anthony A. Allen,
Vice Chair, Facilities

David P. Collins,
Vice Chair, Development

Sally S. Crockett,
Vice Chair, Donor Relations

Sandra Segerstrom Daniels,
Vice Chair, Support Groups

Terrence W. Dwyer,
Member at Large

John R. Evans,
Finance

Paul F. Folino,
Member at Large

John C. Garrett,
Vice Chair, Audit

Jeanne P. Jackson,
Vice Chair, Marketing

Roger T. Kirwan,
Vice Chair, Capital Campaign

General William Lyon
Member at Large

Thomas V. McKernan, Jr.,
Member at Large (Board Development)

David G. Moore,
Member at Large

Patricia L. Poss,
Member at Large

David J. Schramm,
Vice Chair, Development

Henry T. Segerstrom,
Vice Chair, Capital Campaign

David H. Troob,
Vice Chair, Arts Partners

Carol L. Wilken,
Vice Chair, Education

Directors

Wylie A. Aitken

James A. Driscoll

Jerry E. Mandel,
Ph.D.

Robert L. Santos

Zelma M. Allred

Benjamin R. Du

Gregory J. Mech

Donald E. Sodaro

Julia A. Argyros

Lawrence N. Fisher

Paul Merage

Sheila Prell

Joan F. Beall

Robert J. Follman

Thomas J. Mitchell

Timothy L. Strader

David E. Blackford

Stephen T. Fry

Brad A. Morrice

R. David Threshie

Kim P. Burdick

Lawrence M. Higby

Rick J. Muth

Gary S. Toyama

Sandra Cavanaugh

David D. Hiller

Thomas H. Nielsen

Dan Werbin

Lisa Kirk-Colburn

Rick E. Keller, Jr.

William H. Roberts

Jane Fujishige Yada

Theodore F. Craver, Jr.

Parker S. Kennedy

Mark P. Robinson, Jr.

Louise A. Delmonico,
Ph.D.

Thomas E. Larkin, Jr.

Robert S. Roth

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APPENDIX B

ORANGE COUNTY PERFORMING ARTS CENTER EXECUTIVE STAFF

Terrence W. Dwyer, *President*

Judith O'Dea Morr, *Executive Vice President – Programming*

Brian L. Finck, *Chief Financial Officer*

Ellery Brown, *Vice President of Theater Operations and Facilities*

Todd Bentjen, *Vice President of Marketing and Communications*

J. Terry Jones, *Vice President of Development*

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APPENDIX C –PROJECT PICTURES



Renée and Henry Segerstrom Concert Hall



The Donor Room of the

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Renée and Henry Segerstrom Concert Hall



Samueli Theater

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Staff Report from the June 22, 2004 Board Meeting

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CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
501(c)(3) REVENUE BOND FINANCING PROGRAM

STAFF REPORT

EXECUTIVE SUMMARY			
Applicant:	The Orange County Performing Arts Center ("The Center").	Amount Requested:	Not to exceed \$180,000,000
		Type of Resolution:	Final
Applicant Description:	A nonprofit public benefit corporation organized for the purpose of promoting and developing an interest in, and appreciation for, arts and music.	Date of Board Meeting:	June 22, 2004
		Resolution No.:	04-22
		Prepared by: Jeff Emanuels	
Project Site:	615 Town Center Drive, Costa Mesa, CA 92626		
Uses of Bond Proceeds:	Bond proceeds will be used to: (i) finance the construction, equipping and furnishing of certain improvements for The Center, consisting of a concert hall, music theatre; an education center; a public restaurant; a private donor room; rehearsal spaces; artist accommodations; and related appurtenant facilities, (ii) fund a debt service reserve fund, (iii) fund capitalized interest, and (iv) pay the costs of issuance incurred in connection with the issuance and sale of the bonds.		
Public Benefits:	The addition of the 2000 seat Renée and Henry Segerstrom Concert Hall and the 500 seat Samueli Theatre will create an arts complex of international significance that will serve the citizens of Orange County and southern California for generations. Additionally, once the project is completed, it is anticipated that an additional 650,000 young people will be able to participate in a Center-sponsored education initiative each year.		
Financing Structure:			
Type of Issue:		Publicly-offered auction rate securities. Bonds will be issued in minimum denominations of \$25,000 or integral multiples thereof.	
Tax Status:		Tax-exempt 501(c)(3) bonds.	
Term:		30 years.	
Credit Enhancement:		Bond insurance from Financial Guaranty Insurance Company ("FGIC").	
Credit Rating:		"AAA" rating from Standard & Poor's Ratings Service and Fitch Ratings, based on FGIC's credit rating. The bonds also received an underlying rating of "A" from Standard & Poor's.	
Est. Sources of Funds:		Est. Uses of Funds:	
Par amount of the bonds		Project Costs	
		\$140,886,366	
		Capitalized Interest	
		17,285,136	
		Debt Service Reserve Fund	
		13,932,239	
		Bond Insurance	
		5,640,710	
		Costs of Issuance	
		2,255,549	
TOTAL SOURCES		TOTAL USES	
\$180,000,000		\$180,000,000	
Financing Team:			
Bond Counsel:		Stradling, Yocca, Carlson & Rauth	
Underwriter's Counsel:		Orrick, Herrington & Sutcliffe LLP	
Underwriter:		Banc of America Securities LLC & Citigroup Global Markets, Inc.	
Trustee:		Wells Fargo Bank, National Association	
Staff Recommendation:			
Staff recommends approval of Resolution 04-22 for an amount not to exceed \$180,000,000 for the Orange County Performing Arts Center.			

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BACKGROUND AND HISTORY

The Orange County Performing Arts Center ("The Center") is a California nonprofit public benefit corporation that was incorporated in 1973 for the purpose of promoting and developing an interest in, and appreciation for, arts and music. The roots of The Center reach back more than 45 years, when the newly formed Orange County Philharmonic Society (later renamed the Philharmonic Society of Orange County) identified a pressing need for a versatile concert facility in Orange County.

The first local group specifically intended to facilitate the building of a major cultural center in the heart of Orange County wasn't formed until 1969. Over the years, several groups attempted to identify a suitable site for what now serves as the foundation for The Center. In February 1979, Elaine Redfield, a longtime Orange County arts activist and South Coast Repertory Trustee, addressed a letter to Henry T. Segerstrom requesting the land adjacent to South Coast Repertory's ("SCR") recently opened Fourth Step Theater. The Segerstrom family had already demonstrated their firm commitment to the arts in Orange County by donating the land for SCR's new theatre and were determined that the arts would play an integral role in helping the community establish its cultural identity. On May 15, 1979, the Board of Directors of the Orange County Music Center (as the facility was then called) accepted the Segerstrom family's generous offer of five acres of land for the proposed facility. The following week, at a press conference to announce the donation, the Segerstrom family took the lead in funding the new project by announcing an additional \$1 million cash pledge to be used for the design and construction of the new hall.

Decades of planning finally came to fruition on September 29, 1986, when Segerstrom Hall, one of the nation's most acoustically innovative and technically advanced homes for the performing arts, opened its doors with a gala opening night extravaganza featuring soprano Leontyne Price and the Los Angeles Philharmonic. But the vision for The Center was never to be limited to two venues, and even as it opened, it became clear that both halls were busy with Center-presented events and performances from the Pacific Symphony, the Philharmonic Society of Orange County, Opera Pacific, Pacific Chorale and other organizations from throughout Southern California. With the current facility booked for performances, rehearsals, load-ins and load-outs or maintenance nearly every day of the year, it was obvious that plans for additional venues were needed.

In 1999, the Segerstrom family deeded a six-acre parcel of land across the street from the existing facility to The Center in order to provide space for expansion of SCR, The Center's new venues, and the eventual building of a visual arts campus. The entire complex will be named the Segerstrom Center for the Arts. In 2000, Henry Segerstrom provided the \$40 million lead gift to the capital campaign for the new venue.

The current facilities are utilized for a variety of purposes:

Presentations by The Center. The Center's programming is noted for its international caliber and variety. The Center's programming includes the following Series: International Dance, Broadway, Concert, Voices in Song and Jazz Club and Cabaret. The Center's International Dance Series has brought many ballet companies to Orange County, including the Kirov, Bolshoi, Paris Opera Ballet, American Ballet Theatre, New York City Ballet, The Royal Ballet, Stuttgart Ballet and Royal Danish Ballet. The Center also presents an annual Broadway Series² that has included *The Phantom of the*

APPENDIX B

Opera, Mamma Mia and Les Miserables. The Concert Series brings classical chamber ensembles and soloists to The Center including the Emerson String Quartet, St. Lawrence String Quartet, Australian Chamber Orchestra and the Academy of Ancient Music. The Jazz Club and Cabaret Series has brought many contemporary musicians to The Center, including Dave Brubeck, Dianne Reeves, Diana Krall, Arturo Sandoval, Barbara Cook, Eartha Kitt and Davis Gaines. In addition to its Series programming, The Center also hosts numerous special events and concerts.

Presentations by Others at Center Facilities. The Pacific Symphony, Opera Pacific, the Philharmonic Society of Orange County and the Pacific Chorale are “Artistic Partners” of The Center and use The Center’s facilities for their performances. With the completion of the new facilities, each organization will be able to increase its educational opportunities for schools and community organizations in southern California.

Education and Community Programs. The Center’s education department has ten different programs that each year reaches more than 350,000 people in seven California counties. Programs are designed to bring students from grammar school through the university level into contact with many different disciplines of performing arts and professional artists. Some programs reach students in their schools, campuses and community centers while others bring participants to study and perform at The Center’s facilities. The Center’s educational programs have been recognized by the U.S. Department of Education and The Kennedy Center in Washington, D.C.

GOVERNANCE AND MANAGEMENT

Board of Directors

The Center is currently governed by a 54-member Board of Directors (the “Board”), which establishes policies, oversees their implementation, provides strategic direction to The Center and carries out its fiduciary responsibilities. The Executive Committee of the Board meets bi-monthly and has the authority to act in all matters of governance assigned to the Board except for certain matters specified in the Bylaws that cannot be delegated and other matters that cannot be delegated pursuant to California law. All but the twelve *Ex Officio* members of the Board are elected by the members of The Center for terms not to exceed three years; provided, however, the Board may elect members of the Board but, in no event, shall the number of members of the Board elected by the Board exceed one-third of the authorized number of Directors. See Appendix A for a current listing of the Board of Directors.

Management

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The President, who is selected by the Board, manages the operation of The Center. The President is responsible for the overall supervision of The Center's activities and oversees a staff of 250 (full-time equivalent) employees.

The President reports directly to the Board and its Executive Committee. The Executive Staff of The Center also interfaces directly with the Board through Board committees and by attendance and participation in Board and Executive Committee meetings. In addition to the Executive Staff, the staff structure consists of the following five departments: Programming, Development, Finance, Theater Operations & Facilities and Communication & Marketing. A list of The Center's Executive Staff is included in Appendix B.

PROJECT DESCRIPTION

The Center's current facilities consist of the 3,000-seat Segerstrom Hall and the 500-seat Founder's Hall located in Costa Mesa, California. To increase the number of performances it can accommodate and increase educational opportunities, The Center is implementing additions to its current facilities consisting of the 2,000-seat Renée and Henry Segerstrom Concert Hall, the 500 seat Samueli Music Theater and an education center (collectively, the "New Facilities"). The New Facilities, which were designed by Cesar Pelli, one of the world's signature architects, will increase overall seating capacity for The Center by approximately 75 percent. Construction of the New Facilities began in September 2003. See Appendix C for an artist's rendition of the Renée and Henry Segerstrom Concert Hall and the Samueli Theatre.

The Center has entered into a lump-sum contract with the Fluor Corporation, which will act as construction manager for the expansion. The lump-sum contract provides a corporate guarantee that the project will be built within budget. As construction manager, Fluor will pre-qualify subcontractors and suppliers and manage those selected in accordance with the specifications provided by the architects and The Center.

PUBLIC BENEFITS

The new concert hall will greatly affect all Orange County residents and visitors who love the best in live performing arts and entertainment. The Pacific Symphony, the Philharmonic Society of Orange County and the Pacific Chorale (the Artistic Partners) will have a dedicated hall specifically designed for the unique acoustical requirements of concerts and recitals. As a direct result of the project, Segerstrom Hall will become available for more Broadway shows, dance and operatic presentations. The Center and its Artistic Partners will be able to expand their programming and increase the variety of artists and companies who come to Orange County. Each organization will be able to increase its educational opportunities, reaching children from schools and community organizations for throughout the region.

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The Center offers one of the most active and acclaimed arts-in-education programs in the country and is committed to serving the needs of the entire community. The Center's achievements in this area have drawn praise from educators and school districts throughout California as well as awards and commendations from nationally recognized bodies including the U.S. Department of Education and The Kennedy Center in Washington, D.C.

The Center's education department has 10 different programs that reach more than 350,000 young people annually, in seven California counties. Once the new facilities are completed, which along with two new performance venues will also include a dedicated education center and lab, The Center management anticipates that one million young people will be able to participate in a Center-sponsored education initiative each year. These programs are designed on different levels to bring students from grammar school through the university level into contact with many different disciplines of performing arts and seasoned, accomplished professional artists. Some programs will reach students in their schools, campuses and community centers, while others bring participants to study and perform at The Center's own facilities.

The new facility will provide for the growth of The Center for years to come. The Center management believes the project will enable The Center staff to grow from its current base of approximately 250 employees (on a full-time equivalent basis) to approximately 350 within two years of project completion, and provide for an increase in total annual payroll from approximately \$6 million to an estimated \$7.5 million in 2008.

In addition to the long-term public benefits being provided by the proposed bond financing, the project will contribute significant number of construction jobs and corresponding payroll during the construction of the facilities, which will provide an economic stimulus to the region.

PERMITS AND APPROVALS

The borrower has confirmed that the project meets all land use and zoning ordinances and that all necessary local approvals and discretionary permits have been obtained.

Construction for the project commenced February 2003 and the last of the 1,400 basement pilings were placed a few months ago. It is expected that the facility will be available for performances in July 2006, in time to celebrate the 20th anniversary of The Center's opening.

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TEFRA HEARING AND LEGAL QUESTIONNAIRE

A Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing was originally scheduled for Friday, June 11, 2004, following notices published on May 28, 2004 in papers of general circulation within Orange County and Sacramento County. However, the hearing was not held since the building in which the hearing was to take place was closed to the public after Governor Schwarzenegger issued a proclamation declaring June 11th as a day of remembrance for the life of President Ronald Reagan. Although written and oral comments were solicited for this hearing, staff received no comments.

A second TEFRA hearing has been scheduled for Friday, June 25, 2004. Although there is no state or federal law or regulation requiring that a TEFRA hearing be held prior to the conduit issuer providing approval for a tax-exempt financing, it has been the practice of the I-Bank to do so. Since there is no indication of any negative aspects or public opposition to the proposed financing, staff is requesting that the Board of Directors adopt a final resolution approving the issuance of the bonds for The Center, subject to staff holding the new TEFRA hearing on June 25, 2004, and receiving no negative comments.

The Borrower has provided a completed and signed legal questionnaire. No information was disclosed in the answers to the legal questionnaire that would lead staff to question the financial viability or legal integrity of this Borrower.

FINANCING TEAM

Bond Counsel:	Stradling, Yocca, Carlson & Rauth
Underwriter's Counsel:	Orrick, Herrington & Sutcliffe LLP
Underwriter:	Banc of America Securities LLC and Citigroup Global Markets, Inc.
Trustee:	Wells Fargo Bank, National Association

FINANCING DETAILS

The Center is requesting approval for the issuance and sale of tax-exempt auction rate securities (the "Bonds") in an amount not to exceed \$180,000,000. The Bonds will be credit enhanced by a bond insurance policy provided by Financial Guaranty Insurance Company (FGIC). The Bonds will carry a rating of "AAA" from Standard & Poor's and Fitch Ratings based upon FGIC's credit rating. The bonds received an underlying rating of "A" from Standard & Poor's.

APPENDIX B

In no event shall the Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special obligation of the I-Bank, payable solely from revenues or other sources provided for in a Loan Agreement between the I-Bank and the Center.

ELIGIBILITY REVIEW

The proposed financing meets the following public interest criteria as required by Section 63046 of the Government Code: 1) The financing is for a project in the State of California; 2) based upon the requirement that bond insurance will secure all payments to bondholders, the borrower is capable of meeting the obligations incurred under relevant agreements; 3) the payments to be made by the borrower to the I-Bank under the Loan Agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the payments on the bonds; 4) the proposed financing is appropriate for the specific project. Additionally, the project is consistent with I-Bank's Policies and Procedures for Conduit Revenue Bond Financing.

RECOMMENDATION

Staff recommends approval of Resolution 04-22, for an amount not to exceed \$180,000,000, for the Orange County Performing Arts Center.

APPENDIX A

ORANGE COUNTY PERFORMING ARTS CENTER BOARD OF DIRECTORS

Officers

Paul F. Folino, *Chairman of the Board*
Jerry E. Mandel, *President, Orange County Performing Arts Center*
Lawrence M. Higby, *Secretary & Vice Chair, Board Development*
John R. Evans, *Treasurer & Vice Chair, Finance*

APPENDIX B

Executive Committee

Anthony A. Allen,
Vice Chair, Facilities
 Sandra Segerstrom Daniels,
Vice Chair, Support Groups/Artistic Partners
 Benjamin R. Du,
Vice Chair, Donor Relations
 Robert J. Follman,
Vice Chair, Development
 John C. Garrett,
Member at Large
 Michael S. Gordon,
Vice Chair, Bond Financing
 Roger T. Kirwan,
Vice Chair, Capital Campaign
 Thomas V. McKernan, Jr.,
Member at Large
 David G. Moore,
Member at Large

Thomas H. Nielsen,
Vice Chair, Education
 Patricia L. Poss,
Member at Large
 David J. Schramm,
Vice Chair, Development
 Henry T. Segerstrom,
Vice Chair, Capital Campaign
 Dorothy B. Stillwell,
Vice Chair, Special Events
 Thomas T. Tierney,
Member at Large
 David H. Troob,
Vice Chair, Programming Council
 Timothy W. Weiss,
Vice Chair, Strategic Planning
 Carol L. Wilken,
Vice Chair, Education

Directors

Zelma M. Allred	Ralph J. Cicerone, Ph.D.	Paul Merage	Carolyn Shea
Julia A. Argyros	Sally S. Crockett	Donald B. Murray	Sheila Prell Sonenshine
Joan F. Beall	Jeanne P. Jackson	Rick J. Muth	Timothy L. Strader
David E. Blackford	Rick E. Keller, Jr.	John P. Puerner	R. David Threshie
Alan L. Boeckmann	Parker S. Kennedy	William H. Roberts	Rosemary Turner
Kim P. Burdick	William A. Klein	Robert S. Roth	Dan Werbin
Timothy R. Busch	General William Lyon	Jan Salta	Jane Fujishige Yada
Joel Calvo	James R. Mellor	Nick Shahrestany	

APPENDIX B

APPENDIX B

ORANGE COUNTY PERFORMING ARTS CENTER EXECUTIVE STAFF

Jerry E. Mandel, President.

Judith O'Dea Morr, Executive Vice President – Programming.

J. Terry Jones, Vice President of Development.

Brian L. Finck, Chief Financial

Kerry A. Madden, Vice President of Theater Operations and Facilities.

Todd Bentjen, Vice President of Marketing and Communications

APPENDIX B

APPENDIX C



Artist's rendition of the proposed Renée and Henry Segerstrom Concert Hall



Artist's rendition of the proposed Samueli Theatre

APPENDIX C

ORANGE COUNTY PERFORMING ARTS CENTER BOARD OF DIRECTORS

Board of Directors

Michael S. Gordon, *Chairman of the Board*

Terrence W. Dwyer, *President and COO, Orange County Performing Arts Center*

Thomas V. McKernan, *Secretary & Vice Chair, Board Development*

John R. Evans, *Treasurer & Vice Chair, Finance*

Executive Committee

Anthony A. Allen,
Vice Chair, Facilities

Joan F. Beall
Member at Large

David P. Collins,
Vice Chair, Development

Sally S. Crockett,
Member at Large

Sandra Sedgerstrom Daniels
Vice Chair, Support Groups

James A. Driscoll,
Co-Chair, Long Range Planning

Carol Baker Farkas,
Member at Large

Stephen T. Fry,
Vice Chair, Development

John C. Garrett,
Vice Chair, Audit

Roger T. Kirwan,
Vice Chair, Capital Campaign

Thomas E. Larkin, Jr.,
Member at Large

General William Lyon
Member at Large

Patricia L. Poss,
Member at Large

Henry T. Segerstrom,
Member at Large

David H. Troob,
Vice Chair, Resident Companies

Carol L. Wilken,
Vice Chair, Education

Directors

Wylie A. Aitken

Zelma M. Allred

Julia A. Argyros

David E. Blackford

Kim P. Burdick

Sandra Cavanaugh

Louise A. Delmonico,
Ph.D.

Benjamin R. Du

Robert J. Follman

Lawrence M. Higby

David D. Hiller

Jeanne P. Jackson

Michael Joseph

Parker S. Kennedy

Jerry E. Mandel,
Ph.D.

Paul Merage

Thomas J. Mitchell

David G. Moore

Norman Morales

Rick J. Muth

Thomas H. Nielsen

William H. Roberts

Mark P. Robinson, Jr.

Robert S. Roth

David J. Schramm

Sheila Prell

Sonenshine

Timothy L. Strader

R. David Threshie

Gary S. Toyama

Jane Fujishige Yada

Corporate Officers

Terry Dwyer, President

Brian L. Finck, Chief Financial Officer

Judith O'Dea Morr, Executive Vice President - Programming

Tom West, Vice President of Development

Ellery Brown, Vice President of Theater Operations and Facilities

Todd Bentjen, Vice President of Communications and Marketing

RESOLUTION NO. 08-19

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE ISSUANCE OF ITS VARIABLE RATE DEMAND REVENUE BONDS (ORANGE COUNTY PERFORMING ARTS CENTER), SERIES 2008A, SERIES 2008B AND SERIES 2008C TO REFINANCE A PORTION OF THE COSTS OF THE CONSTRUCTION AND EQUIPPING OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF THE BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS

WHEREAS, the California Infrastructure and Economic Development Bank (the "Issuer") was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (as now in effect and as it may from time to time hereafter be amended or supplemented, the "Act"), for the purpose of, among other things, providing financial assistance for the design, construction, financing and development of economic development facilities (as such term is defined in the Act) located in the State of California;

WHEREAS, The Orange County Performing Arts Center (the "Corporation") has applied for the financial assistance of the Issuer (i) to refinance the costs of a project (the "2004 Project") initially financed pursuant to a Loan Agreement, dated as of July 1, 2004, between the Issuer and the Corporation (the "2004 Loan Agreement"); (ii) to refinance the costs of a project (the "2007 Project" and, collectively with the 2004 Project, the "Project") initially financed pursuant to a Loan Agreement, dated as of July 1, 2007, between the Issuer and the Corporation (the "2007 Loan Agreement"), and (iii) to pay the costs of issuance incurred in connection with the issuance and sale of the Bonds (as defined below).

WHEREAS, the Corporation requests the Issuer to issue bonds of one or more series bearing interest at a variable rate of interest, to assist in refinancing the Project and paying costs of issuance, and has requested the Issuer to issue its California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (Orange County Performing Arts Center), Series 2008A, Series 2008B and Series 2008C (collectively, the "Bonds"), in an aggregate principal amount outstanding not to exceed \$250,000,000;

WHEREAS, there is now on file with the Secretary of the Issuer the following:

- (a) a proposed form of the Loan Agreement (the "Loan Agreement") to be entered into by and between the Issuer and the Corporation;
- (b) a proposed form of the Indenture (the "Indenture") to be entered into between the Issuer and Union Bank of California, N.A. (the "Trustee");
- (c) a proposed form of one or more Bond Purchase Agreements (the "Bond Purchase Agreement") with respect to one or more Series of the Bonds, to be entered into by and among

the Issuer, the Treasurer of the State of California and Banc of America Securities LLC, as representative of itself and Wells Fargo Institutional Securities, LLC, as underwriters with respect to the Bonds (the "Underwriters") and approved by the Corporation; and

(d) a proposed form of Official Statement with respect to the Bonds to be used in connection with the sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

Section 1. The form of Loan Agreement on file with the Secretary of the Issuer is hereby approved, and the Executive Director and the Chair of the Issuer, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement to the Corporation with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by the delivery thereof. The Issuer further authorizes and approves the loan of the proceeds of the Bonds to the Corporation.

Section 2. The form of Indenture on file with the Secretary of the Issuer is hereby approved, and the Executive Director and the Chair of the Issuer, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Indenture to the Trustee, and the Secretary of the Issuer is authorized to attest thereto, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by the delivery thereof.

Section 3. The proposed form of Bond Purchase Agreement on file with the Secretary of the Issuer is hereby approved, and the Executive Director and the Chair of the Issuer, or the Chair's designee, and each of them, acting alone, is hereby authorized and empowered to execute by manual or facsimile signature and deliver one or more versions of the Bond Purchase Agreement, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by the delivery thereof. The Treasurer of the State of California is hereby authorized and requested to sell the Bonds in one or more series, at any time within one hundred eighty (180) days of the adoption of this Resolution, at negotiated sale, at such price and at such initial interest rate as he may determine.

Section 4. The form of Official Statement on file with the Secretary of the Issuer is hereby approved. The Underwriters are hereby authorized to distribute copies of the Official Statement in preliminary form in connection with the offering of the Bonds with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by delivery thereof to the Underwriters. The preparation and delivery of the Official Statement in final form and its use by the Underwriters in connection with the sale of the Bonds is hereby approved. The final Official Statement shall be in the form of the preliminary Official Statement with such changes and insertions therein as may be necessary to cause the same to

carry out the intent of this Resolution and as are approved by counsel to the Issuer, such approval to be conclusively evidenced by delivery thereof to the Underwriters. The Underwriters are hereby authorized and directed to distribute copies of the final Official Statement to the purchasers of the Bonds.

Section 5. The Issuer approves the issuance of the Bonds in accordance with the terms of, and to be secured by, the Indenture, not to exceed \$250,000,000 in aggregate principal amount outstanding at any time, to assist in refinancing the Project and paying costs of issuance. Payment of the principal of and premium, if any, and interest on the Bonds shall be made solely from payments made by the Corporation and the other sources expressly provided in the Indenture, and the Bonds shall not be deemed to constitute a debt or liability of the Issuer or the State. The Executive Director and the Chair of the Issuer, or the Chair's designee, and each of them, acting alone, is hereby authorized and directed to execute, in the name and on behalf of the Issuer, by manual or facsimile signature, the Bonds in accordance with and in the form set forth in the Indenture. The Bonds shall bear interest at the rates determined in accordance with the provisions of, mature and be subject to redemption as provided in, and be in the form set forth in the Indenture.

Section 6. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds so delivered by executing the certificate of authentication appearing thereon and to deliver the Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Issuer by the Executive Director or the Chair of the Issuer, or the Chair's designee, which instructions said officer is hereby authorized and directed, for and in the name of and on behalf of the Issuer, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriters upon payment of the purchase price therefor.

Section 7. Based upon representations made by the Corporation, the Board of Directors of the Issuer hereby finds and determines that:

- (a) the Project is located in the State;
- (b) the Corporation is capable of meeting its obligations under the Loan Agreement;
- (c) the payments to be made under the Loan Agreement are adequate to pay all current expenses of the Issuer in connection with the Bonds and to make all payments with respect to the Bonds when due;
- (d) the proposed financing is appropriate for the Project;
- (e) the Project demonstrates clear evidence of a defined public benefit; and
- (f) the Project is consistent with any existing local and regional comprehensive plans.

The finding in subsection (b), above, is based on the requirement that the Bonds will be supported by one or more direct-pay letters of credit and the Bonds will be rated in one of the

three highest rating categories of Moody's Investors Service, Fitch, Inc. or Standard & Poor's Corporation.

Section 8. The Board of Directors of the Issuer hereby finds and determines that the proposed financing complies with the criteria, priorities and guidelines adopted by the Issuer pertaining to the conduit issuance of revenue bonds.

Section 9. The Executive Director and the Chair of the Issuer, or the Chair's designee, and each of them, acting alone, is hereby authorized to execute all documents, certificates and instruments necessary or appropriate to this transaction and the issuance and sale of the Bonds.

Section 10. All actions heretofore taken by the officers and agents of the Issuer with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officials and officers of the Issuer and their authorized designees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents that they, their counsel or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

Section 11. This Resolution shall take effect from and after its adoption.

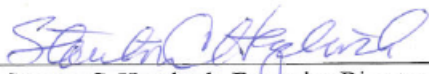
PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on June 24, 2008, by the following vote:

AYES: Berte, Lujano, Lopez, Klass

NOES: None

ABSENT: Rice

ABSTAIN: None

By 
Stanton C. Hazelroth, Executive Director

Attest:

By 
Roma Cristia-Plant, Secretary